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| Name of material | Comments of the Czech Gas Association on the consultation document pursuant to Article 26 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for natural gas (‘NC TAR’) |
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The Czech Gas Association makes the following comment on the consultation document:

In Article 7.4 of the consultation document, the Energy Regulatory Office (ERO) proposes to reduce the 100% discount on tariffs for transport to and from gas storage facilities to 80% for the entire consultation period.

The Czech Gas Association does not agree with the ERO's proposal and proposes to maintain a discount of 100% on tariffs for transport to and from gas storage facilities for the entire period consulted.

Justification:
The introduction of a 100% discount on tariffs for transport to and from gas storage facilities by ERO Price Decision No 2/2022 of 10 May 2022, in accordance with Article 9(1) of the NC TAR, undoubtedly had an incentive effect on storage of gas in storage facilities in the Czech Republic.

However, we consider that instead of removing gas transport bottlenecks for supplying the Central European region, the situation has worsened by ending gas transport to the EU via Ukraine. In addition, the decrease in compression capacity following the interruption of gas transport via the Nord Stream I pipeline, and the damage to the Nord Stream I and Nord Stream II pipelines, important for the transport of gas in the direction of the Czech Republic, has not yet been compensated (p. 124: Czech Draft Updated NECP 2021 2030_en.pdf). To fill in the missing compression performance, the construction of a new compression station Wittenburg (Three Compressor Units for Compressor Station Wittenburg, Germany: evergabe.com) and Rehden Compression Station Extension (GASCADE Gastransport GmbH: LBEG grants approval: Construction of the Rehden 2 compressor station begins).

The Czech Republic is no longer a transit country for gas transport, as it used to be, but its position has changed to the end country. Moreover, the Czech Republic is not a sufficiently liquid gas market. For this reason, in order to ensure security of gas supply, it is necessary to motivate =participants as much as possible to store gas in gas storage facilities located in the Czech Republic.

While the end of the application of the German gas storage charge at the beginning of 2025 could have a partially positive effect on gas storage in the Czech Republic, this can be fully compensated by the introduction of a support mechanism for gas storage in the Federal Republic of Germany (Trading Hub Europe: PowerPoint Presentation).

The importance of high filling of gas storage facilities in the Czech Republic for supplying the natural gas market in the winter thus remains relevant.

High filling capacity of gas storage facilities is also required by Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010 and the related Commission Implementing Regulations (EU) establishing filling trajectories with intermediate targets for a given calendar year, while the framework for mandatory filling of gas storage facilities in Member States to 90% on 1 November of a calendar year should be extended for further periods at the initiative of the Commission (EU).

We therefore disagree with the statement that the high filling rate of gas storage facilities achieved in previous years, combined with the above-average warm winter season 2023/2024 and the functionality of market mechanisms for filling gas storage facilities in previous periods, is a reason for reducing the 100% discount on tariffs for transport to and from gas storage facilities in the period consulted.

The current situation on the gas market, in which inverse spreads will make it more difficult to fill gas storage facilities for the 2025/2026 storage season, only underlines the fact that the period of market turbulence still persists and there are no reasons yet for ending the 100% discount scheme on tariffs for transport to and from gas storage facilities.

Moreover, as can be seen from the FOURTH ENTSOG REPORT ON IMPLEMENTATION AND EFFECT MONITORING OF THE TARIFF NETWORK CODE – 2024 edition report, in particular from Figure 21, the 100% discount on the tariff for the transport of gas from/to gas storage facilities is not only a matter for the Czech Republic, but also for at least six other European countries. If these countries, or some other countries, maintain or introduce a 100% discount in the period 2026-2030, this would result, also given the end position of the Czech Republic in the gas transmission system, in a decrease in the competitiveness of Czech gas storage facilities and a threat to the security of gas supply in the Czech Republic.

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